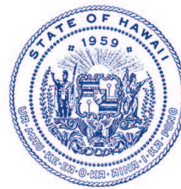


Frequently Asked Questions about The Self-Directed Brokerage Account



? What is the Self-Directed Brokerage Account (SDBA)?

The SDBA is available as an additional investment option available through your State of Hawaii Deferred Compensation Plan (aka the Island Savings Plan or "Plan"). This option gives you the freedom to invest a portion of your plan assets in a self-directed brokerage account that provides access to a wider array of investment choices, including open-end mutual funds, fixed income securities, ETFs, and publicly traded stocks (all for an additional fee and at your own risk).

? Who is providing the SDBA services?

The SDBA is offered through TD AMERITRADE.

? Is there a cost to open an account?

Yes, there is an additional Plan administrative maintenance fee of \$50 per year, (a deduction of \$4.17 per month from January - August and \$4.16 per month from September - December), as well as applicable charges by TD AMERITRADE such as transaction fees and any investment management-related fees and expenses for the investments you select. Please refer to the Commissions and Service Fees schedule provided by TD AMERITRADE.

? Is a Self-Directed Brokerage Account Right for Me?

A SDBA is designed for the experienced investor who wants to independently and actively manage an even greater choice of investments and is willing to pay additional fees and accept full responsibility for researching, selecting, monitoring and managing their investments.

If you are confident with an independent approach of actively managing your retirement assets in the Plan, the SDBA may be right for you. Keep in mind that if you choose to open a SDBA, you assume the added responsibility for actively managing the investments in your account. The Plan's Investment Advice Service provided through ING, will not advise you about the suitability of any security or investment strategy outside the Plan's core investment options, nor can they provide financial, legal or tax advice on these securities or investment strategies.

? What should I consider before opening a SDBA?

The SDBA is designed for the experienced investor. Before using this option as part of your retirement savings portfolio, you should consider whether a SDBA is appropriate for your long-term investment needs. If all of the following describes you as an investor, the SDBA may be right for you:

- I have access to the Internet.
- I am knowledgeable about investment matters.
- I am comfortable with, and understand risk, and I am capable of making my own personal investment decisions.
- I have experience using the Internet to research and manage my investments.
- I have the time and investment expertise to research, evaluate and select investments consistent with my investment strategy and personal risk profile.
- I have the time to monitor and manage my retirement plan portfolio.
- I am willing to pay additional fees and charges to invest in investment choices not available within my core account.
- I am willing to accept the risk of using a SDBA.

? How are the investment choices in the SDBA different from those available through the Island Savings Plan?

There is a significant difference between the investment choices available through the Plan and the investments available through the SDBA. Investment options offered through the Plan are selected through a due-diligence process which helps ensure that you are offered a diverse and balanced array of appropriate long-term investments. The investment choices available through the SDBA, however, are not approved, selected, monitored or reviewed by the Plan's Board of Trustees ("Board") or ING. When you elect to open a SDBA, you assume the sole responsibility for researching, selecting, monitoring and managing the investments in your SDBA. As an investor, you need to be aware of the additional risk that may be present in the mutual funds and stocks available through this option.

Before investing in any investment company, investors should carefully consider a fund's investment objectives, risks, charges and expenses. Fund prospectuses contain this and other important information, and may be obtained by calling TD AMERITRADE at 1-866-766-4015. Investors should read prospectuses carefully before investing.

? What investment options are available through the SDBA?

The SDBA will offer a full, open menu of investment alternatives with the exception of prohibited transactions. For a list of prohibited transactions, please contact TD AMERITRADE.

Funds available in the Plan's core investments options are not available in the SDBA.

? Am I Eligible?

To open a SDBA, you must have a balance of at least \$2,000 in your core investment options. The minimum initial transfer amount is \$1,000 and you must maintain a minimum Plan account balance of \$1,000. This minimum Plan account balance will be monitored each time you request a transfer. The minimum amount for subsequent transfers is \$500.

Getting Started

? How do I open a SDBA?

To open an SDBA, please follow the steps below:

1. Visit the Plan Web site at <https://islandsavings.ingplans.com> under the Plan Information/Plan Investment Section to download the TD AMERITRADE account application and Commission and Service Fees Schedule.
2. Complete and return the application to TD AMERITRADE. TD AMERITRADE will open your account within 2 (two) business days. Once the account is opened, TD AMERITRADE will send you a Welcome Kit that includes your brokerage account number and explains their brokerage account services, procedures, commissions and fees. Additionally, you will receive a Personal Identification Number (PIN) under separate cover. This will arrive separately for security purposes. Please note that you will need both your account number and PIN to access your account through TD AMERITRADE at www.tdameritraderetirement.com.
3. Log on using your TD AMERITRADE account number and PIN. You will then be prompted to create a unique User ID and password. At this point you will be required to read and accept various agreements.

? How do I transfer money into my SDBA and what is the process?

Once your account has been opened, you may call the Island Savings Plan Information Line at **1-888-71-ALOHA** (1-888-712-5642) or visit <https://islandsavings.ingplans.com> to transfer money from your Plan's core investment options to TD AMERITRADE.⁽¹⁾

A TD AMERITRADE SDBA can only be funded through transfers from investment options in your Plan's core account. You cannot make direct deferrals/contributions into the TD AMERITRADE SDBA or request a withdrawal directly from the account.

Transfers will first be made into a money market fund ⁽²⁾ with the SDBA provider. Then, you are able to purchase any of the

other investments available in the SDBA. Also, when moving money back to your Plan's core investment options, the SDBA assets will be liquidated and moved to the money market fund first, and then moved to your Plan's investment options.

Your SDBA will be displayed on the summary benefits page on the Plan Web site as one of your selected investment options.

? Are there any restrictions for opening an account or transferring into the SDBA?

Yes, the following restrictions apply:

- You must have a balance of at least \$2,000 in your core investment options.
- The minimum transfer amount is \$1,000 and the minimum subsequent transfer amount is \$500.
- You must maintain a minimum Plan account balance of \$1,000.
- Transfers from the Stable Value Fund into the SDBA must be moved into one of the Plan's core equity options for a period of ninety (90) days. The reason for that is to discourage frequent trading and attempting to time the market. Once the 90-day period is over, you may transfer the money into the SDBA. Some funds may enforce trading restrictions and/or redemption fees in the SDBA. You should always read the fund's prospectus carefully before investing.

Accessing your SDBA & Placing Trades

? What should I know before I place a trade in my SDBA?

Your SDBA is a cash account, which means you must have sufficient cash or available funds to cover your trade(s) and any applicable commissions and fees. Additionally, mutual funds traded within the TD AMERITRADE account may be subject to initial and subsequent investment minimums. (See section above.) For other program restrictions, please contact TD AMERITRADE.

? How do I place trades in my SDBA?

After you have opened and transferred money to your SDBA, you can access your account and place trade orders (buy, sell, redeem or exchange) 24 hours a day, 7 days a week, to be submitted during market hours.

You may place trade orders by:

- Accessing your account on TD AMERITRADE's Web site at www.tdameritraderetirement.com
— 24 hours a day, 7 days a week
- Using TD AMERITRADE's Interactive Voice Response (IVR) by calling toll free **(866) 766-4015**
— 24 hours a day, 7 days a week
- Calling TD AMERITRADE Partner Services toll free at **(866) 766-4015**, 8:00 a.m. to 7:00 p.m. Eastern Time (excluding market holidays).

Account Statements

? What information will I receive about my SDBA?

In addition to your Plan's regular quarterly statement that shows the total account value of your core account investment options including the aggregate value of your TD AMERITRADE account, you will also receive a separate statement from TD AMERITRADE for your SDBA detailing your individual holdings and transactions. You will receive this statement monthly when there is trade activity in your TD AMERITRADE account, and quarterly when there is no activity. You will also receive fund prospectuses, semi-annual and annual reports for the investments in your TD AMERITRADE SDBA.

? How Do I Transfer Back to My Plan's Core Account?

To transfer assets back to your Plan's core account, you will first need to redeem/sell the securities held in your SDBA. Once the trades have settled (generally one to three business days, depending upon the type of security), you can request a transfer to your Plan account by calling the Island Savings Plan Information Line at **1-888-71-ALOHA** (1-888-712-5642) or visit <https://islandsavings.ingplans.com> to transfer money from your SDBA account back to your Plan's core investment options.

Distributions from My SDBA

? Are distributions available from the SDBA?

All distributions can only be made from the Plan's investment options; your SDBA cannot be directly accessed for any type of distribution. All distributions from the Plan, including amounts in the SDBA, are subject to the requirements of the Internal Revenue Code section 457, other laws and rules, and the Plan document.

Withdrawals

If you request a withdrawal from the Plan for any reason, only the assets in your Plan account can be used for the withdrawal amount. If the amount of the withdrawal is greater than the amount available in your Plan account, you will need to transfer assets from your SDBA to your Plan account, prior to your withdrawal request being processed.

Systematic Distribution Options

If you elect a Systematic Distribution Option from your Plan account, you will be required to liquidate the securities in your SDBA and transfer the assets to your Plan account. ING will not process your systematic distribution request until the assets have been transferred to your Plan account. Systematic distributions will be taxed as ordinary income in the year the money is distributed to you. Account values fluctuate with market conditions, and the principal value may be worth more or less than its original amount invested.

? How do I contact a TD AMERITRADE representative for questions or assistance with my SDBA?

You can contact a representative at TD AMERITRADE at 1-866-766-4015.

Profile Changes to my SDBA

Please contact ING to make profile changes to your SDBA such as name, address, or marital status.

- (1) *Transfer requests made online or by phone received on business days prior to close of the New York Stock Exchange (4:00 p.m. Eastern Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.*
- (2) *An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.*

